

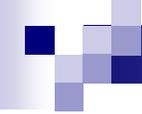


Review of Regional Adjustment Component in Calculating Essential Programs and Services Personnel Costs

Presented to
Joint Standing Committee on Education and Cultural Affairs

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Goal

The goal of Maine's Essential Programs and Services Model is to insure that all schools have the programs and services that are essential if all students are to have equitable educational opportunities to achieve Maine's *Learning Results*.

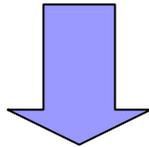


Fundamental Premises of Essential Programs and Services

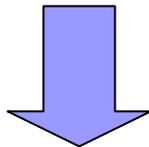
- There must be adequate resources to achieve desired outcomes.
- There must be equity in the distribution of adequate resources.

Fundamental Premise of Maine's School Funding Models

Expenditure-based (1985 School Finance Act)



Expenditure/revenue-based (1995 School Finance Act)



Cost-based

(Essential Programs and Services Funding Model)



Calculation of Personnel Costs in Essential Programs and Services

Based on:

1. EPS Guiding Personnel Ratios
2. SAU Staff profiles (experience and education)
3. Regional Cost Differences

Variations in Maine County Income Levels

2003 Per Capita Personnel Income by County

<u>County</u>	<u>2003</u>	<u>County</u>	<u>2003</u>
Androscoggin	\$28,166	Penobscot	\$26,780
Aroostook	\$24,742	Piscataquis	\$23,392
Cumberland	\$35,962	Sagadahoc	\$28,854
Franklin	\$23,942	Somerset	\$23,524
Hancock	\$29,798	Waldo	\$24,552
Kennebec	\$28,421	Washington	\$23,508
Knox	\$31,114	York	\$29,584
Lincoln	\$29,955	Maine	\$29,164
Oxford	\$24,166	United States	\$31,487

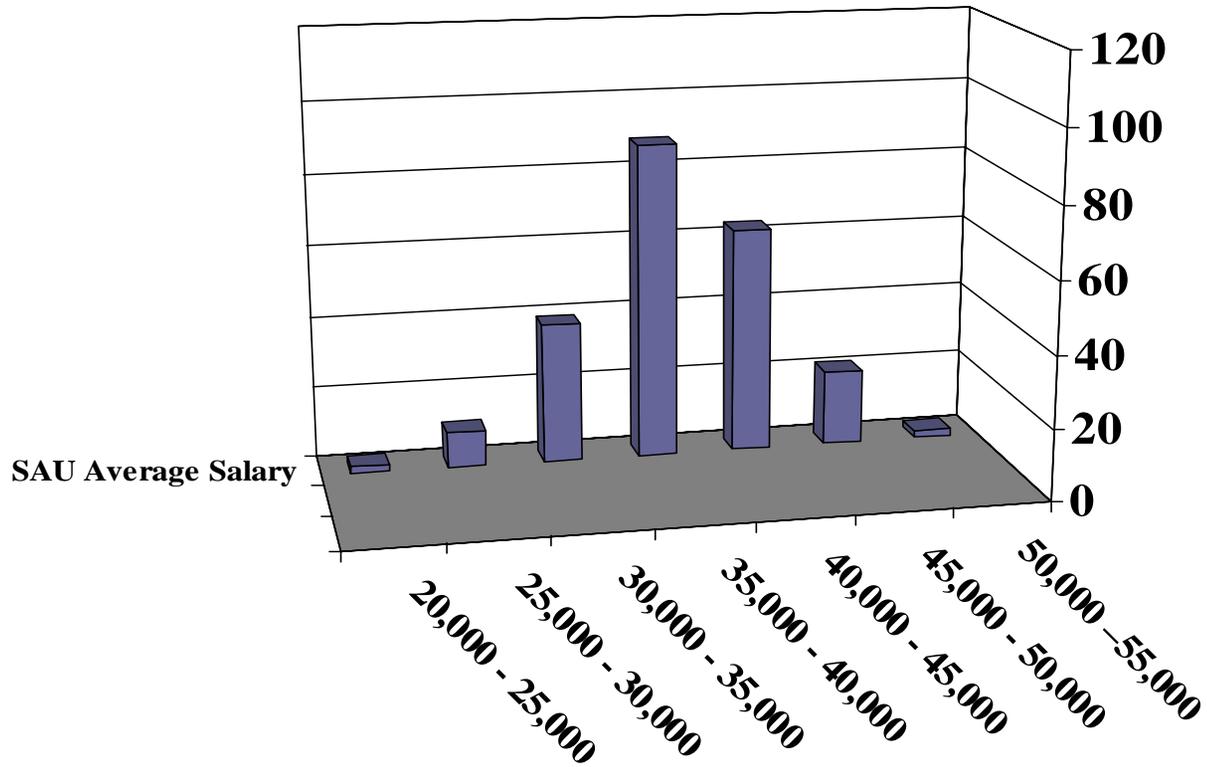
Source: U.S. Bureau of Economic Analysis, 2005.

Variations in Housing Costs of Maine Homeowners

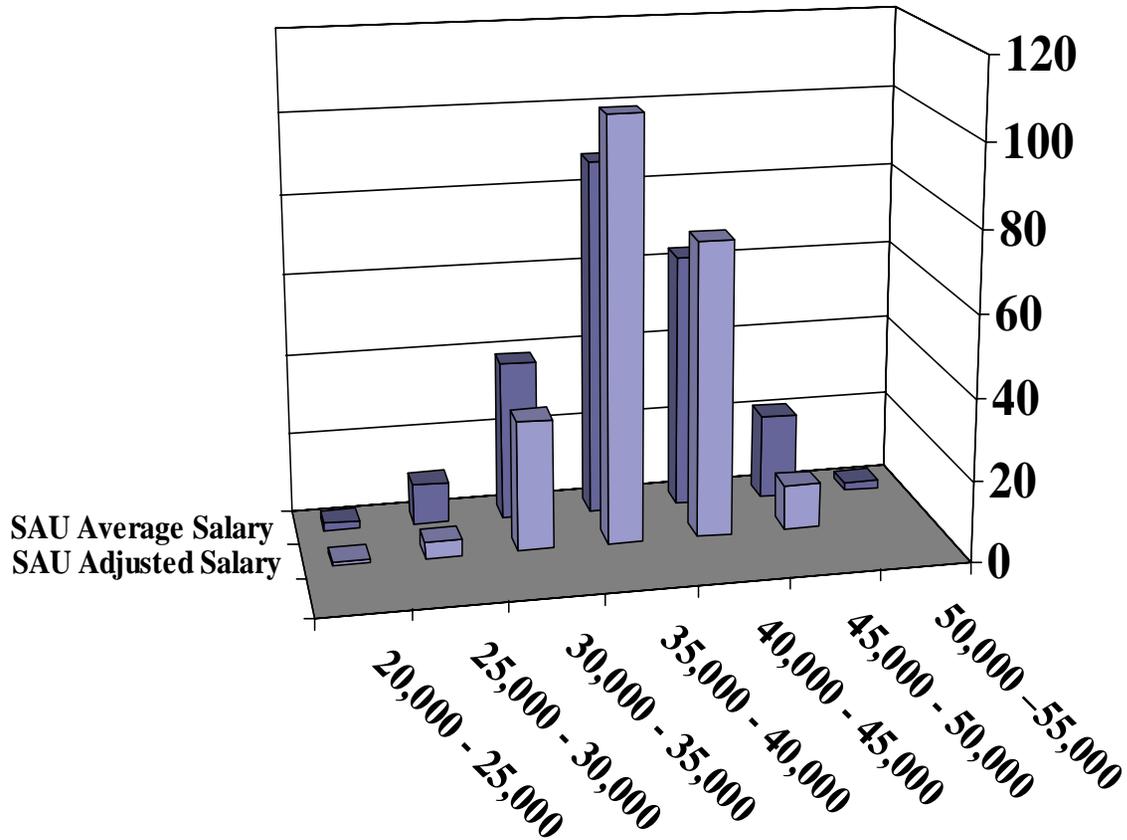
Monthly Costs for Units with a Mortgage

<u>County</u>	<u>Median Cost</u>	<u>County</u>	<u>Median Cost</u>
Androscoggin	\$936	Oxford	\$785
Aroostook	\$661	Penobscot	\$845
Cumberland	\$1,124	Piscataquis	\$648
Franklin	\$759	Sagadahoc	\$982
Hancock	\$901	Somerset	\$706
Kennebec	\$859	Waldo	\$821
Knox	\$878	Washington	\$648
Lincoln	\$880	York	\$1,018

Distribution of Maine SAU Average Teacher Salaries



Distribution of Maine SAU Average Adjusted Teacher Salaries



Methods of Measuring Regional Cost Differences

- Cost of Living Index (cost of goods and services purchased by an individual)
- Cost of Education Index (cost of personnel purchased by an SAU)



Methodology in Establishing EPS Regional Personnel Cost Index

1. Examined distribution (variation) in SAU average teacher salaries.
2. Adjusted SAU salary costs for experience and education.
3. Calculated average salary costs for each of Maine's 35 labor market regions.
4. Benchmarked 35 regional averages to State average.

Characteristics of Maine's EPS Regional Cost of Education Index

1. Index for measuring differences in personnel costs.
2. Based on premise that regional differences are largely market driven.
3. It is a tool for measuring existing variations in personnel costs across regions in Maine; not a policy making tool (i.e., it reflects what **is** the case, not what **should** be the case).

Current LMA Index for Calculating Cost of Personnel Salaries

Market Area	Salary Cost Index	Market Area	Salary Cost Index
1. Kittery-York	1.06	19. Dexter-Pittsfield	0.94
2. Sanford	1.03	20. Ellsworth-Bar Harbor	0.93
3. Biddeford	1.09	21. Outer Bangor	0.89
4. Greater Portland	1.08	22. Rumford	0.93
5. Bath-Brunswick	1.02	23. Lincoln-Howland	0.86
6. Boothbay Harbor	1.03	24. Farmington	0.96
7. Sebago Lake	0.94	25. Calais	0.96
8. Lewiston-Auburn	0.98	26. Patten-Island Falls	0.88
9. Rockland	1.00	27. Millinocket-East Millinocket	0.88
10. Norway-Paris	0.94	28. Houlton	0.88
11. Stonington	0.95	29. Skowhegan	1.03
12. Augusta	0.97	30. Greenville	0.95
13. Waterville	0.97	31. Dover-Foxcroft	0.95
14. Belfast	1.01	32. Presque Isle – Caribou	0.90
15. Bucksport	0.94	33. Van Buren	0.99
16. Jonesport-Milbridge	0.84	34. Fort Kent	0.99
17. Bangor	1.02	35. Madawaska	0.99
18. Machias-Eastport	0.84	State of Maine	1.00

Review of the Regional Adjustment to the Salary and Benefits Costs of School-Level Teachers and for School-Level Staff (PL 05, C. 12 (LD468) Sec. UU-9)

For fiscal year 2006-07, a review of the regional adjustment to the salary and benefit costs of school-level teachers and for school-level staff who are not teachers as calculated under the Title 20-A, section 15682. The Commissioner of Education may consult with the Commissioner of Labor and the Maine Education Policy Research Institute (at the University of Southern Maine) to address the following:

1. The efficacy of using this regional adjustment as a means to providing an adequate level of resources for teachers and other school-level personnel under the Essential Programs and Services Funding Act;
2. The efficacy of using this regional adjustment as a means to providing a recruitment and retention incentive for teachers in all school administrative units in the State; and
3. The implications of the reduction in the number of labor market areas in the State on this regional adjustment, including an analysis of the impact of the Department of Labor plan to develop its labor force employment data based on 31 labor market areas in the State compared to the 35 labor market areas previously used for these purposes.

Comparison of Existing and New LMAs

Existing LMA Index

- 35 LMAs
- Determined by the Maine Department of Labor
- Commuting Patterns from 1990 Census
- A Metropolitan or Micropolitan Area May Comprise Several LMAs.
- All LMAs are Wholly Within Maine.
- All Maine Towns are in LMAs.

New LMA Index

- 31 LMAs
- Determined by the U.S. Department of Labor
- Commuting Patterns from 2000 Census
- Each Metropolitan or Micropolitan Area Comprises a Single LMA.
- Three LMAs are Partly in Maine, Partly in New Hampshire.
- Four Maine Towns are Between, Not Within, LMAs.

Sample Impact of New 31 LMA Model: Bangor LMA to Bangor Metropolitan Area

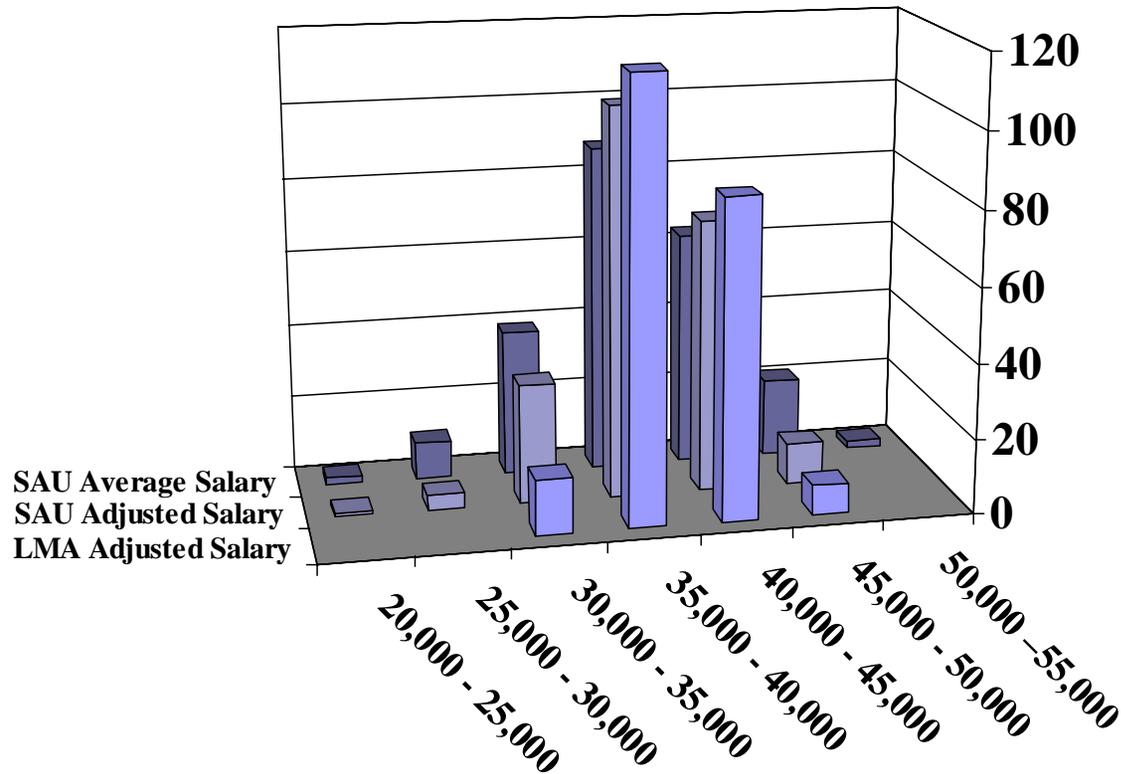
	Number of SAUs	Range of Adjusted Salaries	Mean Adjusted Salary
Bangor LMA (Old)	12	\$34,693 - \$44,795 (\$10,102)	\$41,529
Bangor Metropolitan Area (New)	22	\$29,789 - \$44,795 (\$15,006)	\$40,488

Modified LMA Index for Calculating Costs of Personnel Salaries

Market Area	Regional Adjustment	Market Area	Regional Adjustment	Market Area	Regional Adjustment
1. Kittery-York*	1.03	15. Bucksport	0.94	29. Skowhegan	1.03
2. Sanford	1.03	16. Jonesport-Milbridge	0.84	30. Greenville	0.95
3. Biddeford	1.09	17. Bangor*	0.96	31. Dover-Foxcroft	0.95
4. Greater Portland*	1.04	18. Machias-Eastport	0.82	32. Presque Isle – Caribou	0.90
5. Bath-Brunswick	1.02	19. Dexter-Pittsfield	0.94	33. Van Buren	0.99
6. Boothbay Harbor	1.03	20. Ellsworth-Bar Harbor*	0.86	34. Fort Kent	0.99
7. Sebago Lake	0.94	21. Outer Bangor	0.89	35. Madawaska	0.99
8. Lewiston-Auburn	0.98	22. Rumford	0.93	36. Bangor-Brewer TLMA (New)	1.09
9. Rockland	1.00	23. Lincoln-Howland	0.86	37. Mt. Desert TLMA (New)	1.03
10. Norway-Paris	0.94	24. Farmington	0.96	38. Portland-Falmouth-Yarmouth TLMA (New)	1.14
11. Stonington	0.95	25. Calais*	0.86	39. Wells-Ogunquit-York TLMA (New)	1.15
12. Augusta	0.95	26. Patten-Island Falls	0.88	40. Calais-Baileyville TLMA (New)	1.01
13. Waterville	0.97	27. Millinocket-East Millinocket	0.88	41. Maine Indian Education TLM (New)	1.00
14. Belfast	1.01	28. Houlton	0.88	State of Maine	1.00

* Indicates that the LMA was modified

Salary Distribution Using Modified Existing Regional Cost Index



Regional Adjustment By Modified Labor Market Area (2004-05)

Market Area	Regional Adjustment	Market Area	Regional Adjustment	Market Area	Regional Adjustment
1. Kittery-York*	1.03	15. Bucksport	0.94	29. Skowhegan	1.03
2. Sanford	1.02	16. Jonesport-Milbridge	0.85	30. Greenville	0.95
3. Biddeford	1.08	17. Bangor*	0.96	31. Dover-Foxcroft	0.95
4. Greater Portland*	1.04	18. Machias-Eastport	0.83	32. Presque Isle – Caribou	0.91
5. Bath-Brunswick	1.02	19. Dexter-Pittsfield	0.95	33. Van Buren	0.99
6. Boothbay Harbor	1.02	20. Ellsworth-Bar Harbor*	0.88	34. Fort Kent	0.99
7. Sebago Lake	0.95	21. Outer Bangor	0.92	35. Madawaska	0.99
8. Lewiston-Auburn	0.98	22. Rumford	0.94	36. Bangor-Brewer TLMA (New)	1.09
9. Rockland	1.00	23. Lincoln-Howland	0.88	37. Mt. Desert TLMA (New)	1.02
10. Norway-Paris	0.95	24. Farmington	0.96	38. Portland-Falmouth-Yarmouth TLMA (New)	1.13
11. Stonington	0.95	25. Calais*	0.90	39. Wells-Ogunquit-York TLMA (New)	1.14
12. Augusta	0.96	26. Patten-Island Falls	0.90	40. Calais-Baileyville TLMA (New)	1.02
13. Waterville	0.97	27. Millinocket-East Millinocket	0.90	41. Maine Indian Education TLM (New)	1.00
14. Belfast	1.01	28. Houlton	0.90	State of Maine	1.00

* Indicates that the LMA was modified



Recommendations

1. Incorporate modified LMA Index into EPS funding formula beginning in 2006-07.
2. State should develop and enact a personnel recruitment and retention program.